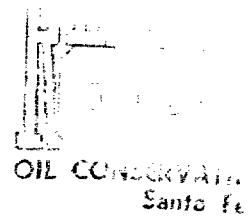


BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF ANADARKO PRODUCTION COMPANY  
FOR APPROVAL OF ITS ARTESIA STATE UNIT  
AGREEMENT AND FOR AUTHORITY TO INSTALL  
AND OPERATE A WATERFLOOD PROJECT IN  
THE ARTESIA-QUEEN-GRAYBURG-SAN ANDRES  
POOL, INCLUDING THE DRILLING OF SIX  
INJECTION AND TWO PRODUCTION WELLS,  
ALL AT UNORTHDOX WELL LOCATIONS WITHIN  
THE BOUNDARIES OF SAID UNIT LOCATED IN  
PORTIONS OF SECTIONS 13, 14, AND 23,  
TOWNSHIP 18 SOUTH, RANGE 27 EAST,  
N.M.P.M., AND FURTHER, FOR APPROVAL  
OF ADMINISTRATIVE PRODECURES FOR EXPAN-  
SION OF SAID WATERFLOOD PROJECT.



A P P L I C A T I O N

COMES NOW ANADARKO PRODUCTION COMPANY and applies to the Oil Conservation Commission of New Mexico for approval of its Unit Agreement for the Artesia State Unit, and for authority to install and operate a waterflood project in the Artesia-Queen-Grayburg-San Andres Pool, Eddy County, New Mexico, by the drilling of six water injection wells and two production wells all at unorthdox well locations within the boundaries of said unit and for procedures for Administrative Approval to expand said waterflood project; and in support thereof would show:

1. Applicant is the operator of the proposed Artesia State Unit which is composed entirely of state leases in which the applicant owns 100% of the working interest and which embraces lands described as follows:

Township 18 South, Range 27 East, N.M.P.M.

Section 14: E/2 E/2 and SW/4 SE/4  
Section 13: W/2 W/2  
Section 23: N/2 NE/4

all in Eddy County, New Mexico and containing 440 acres,  
more or less

2. That the Unit Agreement has been given preliminary approval by the Commissioner of Public Lands.

3. That said Unit Agreement has been approved by sufficient owners of interest to assure its ultimate effectiveness.

4. That the said Unit is being formed for the purpose of conducting waterflood operations within the boundaries of the unit area in the above referenced pool.

5. That Applicant proposes to drill six wells for water injection into the Grayburg and San Andres formations and two production wells, all at unorthodox well locations within the Unit boundary as indicated by the plat and descriptions attached hereto as Exhibits "A" and "B", respectively, and incorporated by reference.


6. That applicant further requests that Administrative Procedures be authorized whereby modification or expansion of the unit including the drilling of additional injection and/or production wells at both orthodox and unorthodox well locations may be approved without further notice and hearing.

7. That the granting of this application will result in the prevention of waste and the protection of correlative rights.

WHEREFORE, applicant respectfully requests this matter be set for hearing before the Commission's duly appointed Examiner and that after notice and hearing, an order be entered approving the Unit Agreement, authorizing the installation and operation of a waterflood project, and establishing Administrative Procedures for expansion of said project as described above.

Respectfully submitted,

ANADARKO PRODUCTION COMPANY

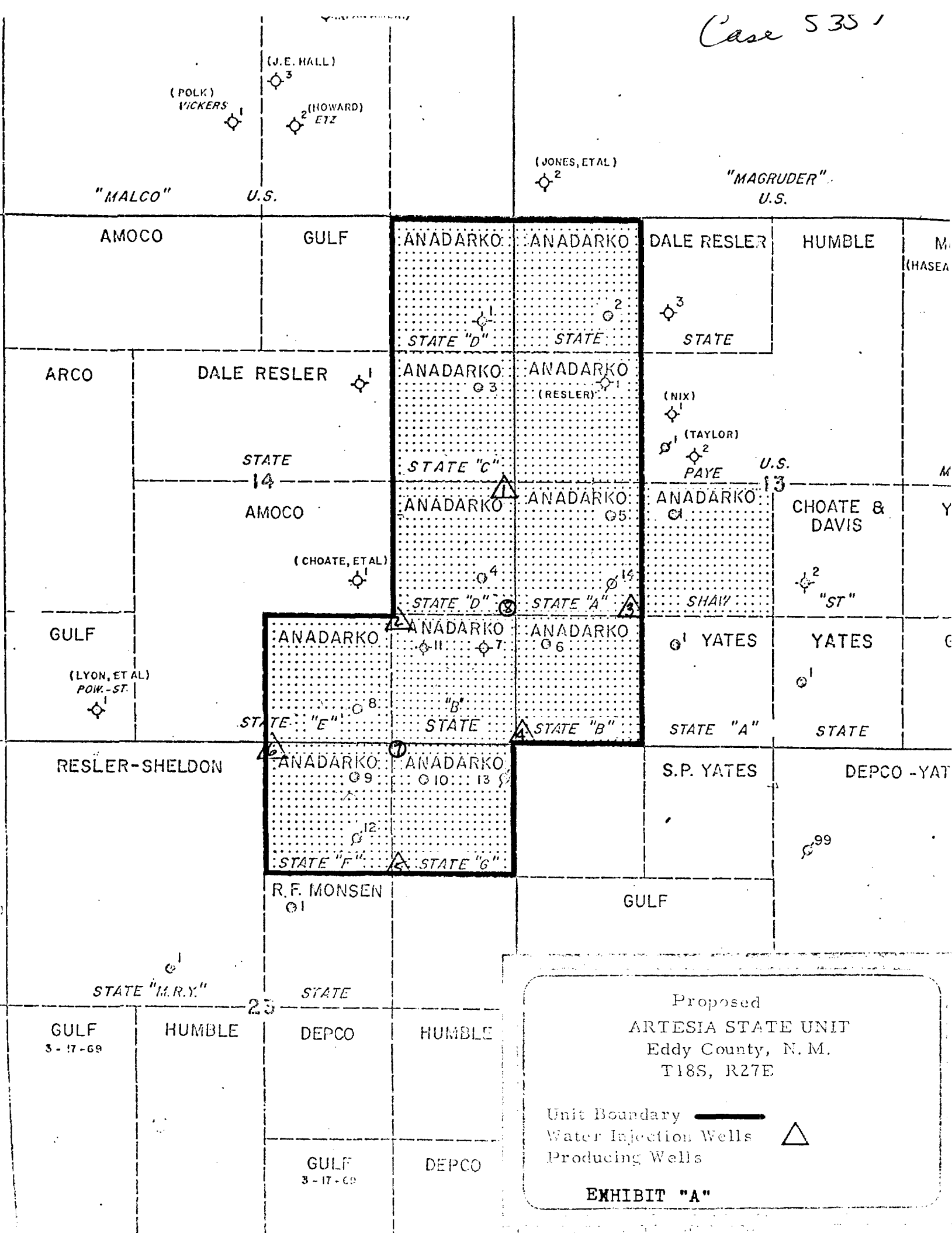
By 

KELLAHIN/ & FOX

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



Proposed  
ARTESIA STATE UNIT  
Eddy County, N.M.  
T18S, R27E

Unit Boundary ———  
Water Injection Wells ▲  
Producing Wells ◆

**EXHIBIT "A"**

PROPOSED LOCATION OF NEW WELLS

Water Input Wells

- (1) 10' FEL & 2630' FSL Sec. 14, T18S-R27E ✓
- (2) 1310' FS&EL Sec. 14 ✓
- (3) 1310' FWL & 1330' FSL Sec. 13
- (4) 10' FS&WL Sec. 13
- (5) 1310' FN&EL Sec. 23 ✓
- (6) 10' FNL & 2630' FEL Sec. 23 ✓

Producing Wells

- (7) 10' FNL & 1310' FEL Sec. 23
- (8) 10' FEL & 1330' FSL Sec. 14

EXHIBIT "B"